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January 15, 2003

Honorable Jerry Luke LeBlanc, Chairman  
Performance Review Subcommittee of the  
Joint Legislative Committee on the Budget  
and Members of the Subcommittee  
P.O. Box 44294  
Baton Rouge, LA 70804

Re: Exceptional Performance and Efficiency Incentive Program Proposal  
by the Pennington Biomedical Research Center

Dear Committee Members:

In accordance with Louisiana Revised Statute (R.S.) 39:87.5(D)(8), we have completed our analysis of the material and substantive accuracy of the proposal submitted by the Pennington Biomedical Research Center for a reward based on the Exceptional Performance and Efficiency Incentive Program. Pennington's proposal requests \$160,916 to purchase a storage area network (SAN) and a file server to upgrade the Center's computing infrastructure. This request is based on the success of the Pennington Biomedical Research Center in attracting outside research funding into Louisiana from fiscal years 2000 through 2002.

Attachment 1 to this letter provides the results of our verification and analysis of the proposal (Attachment 2). In summary, our verification and analysis found that all information and data contained in the proposal are materially and substantively accurate, except the following:

- The amount listed for the SAN on page 8 of the proposal was incorrectly stated. The correct price of the SAN is \$99,962.

I hope this information is useful in your legislative decision-making.

Sincerely,

A handwritten signature in black ink, reading "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DGK/dl

Attachments

[PBRC03]

## Office of Legislative Auditor

*Pennington Biomedical Research Center*

*Verification of Proposal Based on the Exceptional Performance  
and Efficiency Incentive Program*

Louisiana Revised Statute (R.S.) 39:87.5(D)(8) requires the legislative auditor to verify the material and substantive accuracy of the information contained in a proposal submitted pursuant to the Exceptional Performance and Efficiency Incentive Program. R.S. 39:87.5(D) provides the types of performance to be achieved to qualify for a reward. A proposal may be based on exceptional performance wherein an agency demonstrates that it has consistently met or exceeded a significant number of the standards for its key and supporting performance indicators related to a particular activity.

Pennington bases its proposal on its achievements and exceptional performance from fiscal years 2000 through 2002 in attracting research funding to Louisiana. The proposal states that Pennington's ability to attract increasing amounts of external research funding has to a large extent fueled the growth of the Center.

### **Proposed Reward Amount**

Pennington is requesting \$160,916 to purchase a storage area network (SAN) and a file server to upgrade the Center's computing infrastructure. The proposal states that the equipment requested in the award will allow the Center to continue to attract increasing amounts of research funding from the federal government and private corporations.

### **Accuracy of Information in the Proposal**

Our verification and analysis found that all of the information and data contained in the proposal are materially and substantively accurate with the exception of the one error discussed below.

***Cost of storage area network (SAN) was misstated.*** Page 8 of the proposal lists the price of the SAN as \$88,896. However, page 10 of the proposal and the price quote given to Pennington by the vendor show the actual price of the SAN as \$99,962.

## Attachment 2

Pennington Biomedical Research Center

Proposal for Incentive Fund Reward  
Based on Exceptional Performance

## REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

DEPARTMENT: 19A, Higher Education SCHEDULE: 19-609

AGENCY: Pennington Biomed Res Ctr PROGRAM: Pennington Biomed Res

ACTIVITY: Attracting research dollars to Louisiana

SUBJECT FISCAL YEAR: FY 2001-02

*This proposal is for a reward based on exceptional performance.*

This original document, plus seven copies, must be received by the Performance Review Subcommittee of the Joint Legislative Committee on the Budget by 5:00 p.m. on November 15<sup>th</sup>. The Subcommittee's physical address is 900 N. 3<sup>rd</sup> St., State Capitol, 11<sup>th</sup> Floor, Baton Rouge, LA 70802; the mailing address is P.O. Box 94486, Baton Rouge, LA 70804; the e-mail address is "reade@legis.state.la.us".

*Provide a brief summary of the proposal, noting whether this proposal is based on the exceptional achievements of a particular activity which is the a subset of a program, or upon the achievements of an entire program, multiple programs or the agency. Include information about the reward requested and its proposed use. Please limit this description to about 125 words.*

This proposal is based on the exceptional achievements of the Pennington Biomedical Research Center in attracting research funding into Louisiana. These achievements are attributable to the Center as a whole and are not a subset or combination of subsets of the Center. This ability to attract increasing amounts of external research funding has to a large extent fueled the growth of the Pennington Center. This growth, and the use of the new computer-intensive research technologies that keep the Pennington Center competitive with the best research centers nationally and internationally, have placed a significant strain on the Center's computing infrastructure. Consequently, the Center is requesting an award of \$160,916 that will be used to buy a storage area network (SAN) and a file server.

Application prepared by: Ralph Underwood Date: 10/28/02

Signature Ralph Underwood

Agency head approval: Claude Bouchard Date: 10/28/02

Signature Claude Bouchard

Received by the Performance Review Subcommittee: Date:

## REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Sent to the Legislative Auditor Date:

Response from Legislative Auditor: Date:

Disposition by Subcommittee:  Date:

## **REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE**

### ***Part One: Explanation of the Activity and the Exceptional Performance***

Describe the activity (the "subject activity"), program and performance data upon which your proposal is based. The subject activity may be a subset or component of a program (or equivalent), or involve the efforts of one or more programs or the entire agency. Be specific in identifying the organizational unit or area where the exceptional performance was achieved. Section A. is used to give a narrative description, and Section B. is used to provide the specific performance data.

- A. Provide a detailed narrative description of the subject activity or program(s) and summarize the exceptional performance achieved by that entity.**

## REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

*Describe the activities and achievements forming the basis for this proposal, including as much detail as is practical. Use the activity names, program names or references as specified in your operational plan, AFS, expenditure organization, the Discretionary/Non-Discretionary Budget Addendum, or equivalent. Include the number of years that your agency has performed the subject activity, and also whether it is mandated by law. Provision of more information will afford reviewers the maximum insight into the circumstances upon which this proposal is based.*

The Pennington Biomedical Research Center, a component of the Louisiana State University System, is dedicated to the mission of improving lives through research and education in nutrition and preventive medicine. In its brief 14-year history, the Pennington Center has made remarkable progress scientifically and financially. Its highly productive research faculty and staff are engaged in finding answers to important scientific questions through the use of state-of-the-art, cutting edge technologies.

Because of the capabilities that exist at the Center and the excellent reputation that it has built among the national and international scientific community, the Pennington Center has attracted consistently increasing amounts of sponsored research funding. **It is this success in attracting outside research funding into Louisiana—funding that provides clean, high-paying jobs in one of the targeted technologies in Vision 2020—that forms the basis of this proposal.**

While it is not mandated by law that the Pennington Center serves as a vehicle for economic development, the management of the Center has always viewed this as an appropriate and important role of the Center. In the past 3 years, Pennington Center management has set objectives for increasing sponsored research funding from gifts, grants, and contracts by a certain percentage each year. Additionally, management has established objectives for the ratio of sponsored research funding to state general funds to measure the return the state receives on its investment in the Pennington Center. As a final measure of the Center's economic development activity, management included a third objective that reports the number of research awards received. Management set the standards at ambitious levels; yet the performance of the Center over the past 3 years has consistently exceeded these ambitious standards.

# REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

B. Provide detailed performance data evidencing the exceptional performance represented in your proposal. Be sure to note those specific performance indicators and standards which are particularly important. Provide any separate or narrative background information necessary to highlight or support the exceptional nature of the performance. *All proposers must complete Format 1.* Format 2 is to be used to report additional data which is not captured in LaPAS.

Using Format 1, list all objectives and performance indicators for the subject year and at least the immediately preceding year (three years of data is best) for the program (or equivalent) in which the subject activity occurred. Provide the performance standards from the enacted budget/LaPAS. For proposals based on activities which occur at the sub-program (or equivalent) level which are not directly reflected in the agency's LaPAS performance data, the data for the program (or equivalent) comprising such activity is *required*. In cases where multiple programs are involved, provide the performance data for the entire agency.

*Format 1. Provide the LaPAS data using this format, attaching addenda as necessary.*

Program (or agency):		Pennington Biomedical Research Center				
Objective:						
		FY 01-02		FY 00-01		FY 99-00
Performance Indicators		Standard	Actual	Standard	Actual	Standard Actual
Gift, grant, and contract funding as a percent of state general fund		191	228	264	318	223 278
Percent increase in gift, grant and contract funding		8	14.63	3	16.38	7 13.23
Number of gifts, grants, and contracts received		65	67	40	69	N/A* N/A*
* Not an indicator in FY 00						



# REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Use "Format 2" for instances where the agency's performance data in the enacted budget and LaPAS does not reflect the efforts and achievements associated with the activities forming the basis of your proposal. Provide clear and specific evidence of the establishment of an expected level of performance at the beginning of the fiscal year or before the activity was undertaken, which expectation could then be compared to actual achievements at year's end. Citation of specific source documents for this data is *required*.

## Format 2.

Program (or agency):		FY		FY		FY	
Performance Expectation		Standard	Actual	Standard	Actual	Standard	Actual

In this space describe the circumstances and process related to development of the performance expectations presented in Format 2, including reference to specific source documentation.

# REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

- C. **Expenditures.** For the subject year and the preceding year, provide the following expenditure data for the program(s) (or equivalent) in which the subject activity occurred, as well as that for the entire agency. *Provide this data using the format below, attaching addenda as necessary.*

		Preceding Year	Subject Year
Program:		FY 2000-01	FY 2001-02
	End-of-year actual expenditures	\$22,866,632	\$27,366,132
	End-of-year actual T.O.	Not applicable	Not applicable

Program:		FY 2000-01	FY 2001-02
	End-of-year actual Expenditures		
	End-of-year actual T.O.		

Agency:		FY	FY
	End-of-year actual Expenditures	\$22,866,632	\$27,366,132
	End-of-year actual T.O.	Not applicable	Not applicable

## PART TWO: ACTIONS OF EMPLOYEES

Complete this Part if the achievements evidenced in your proposal are the result of the efforts of specific employees. Present this information in narrative fashion. You must include the employee names, job titles, and general contribution to the effort.

*Use this space or attach a separate addendum.*

## REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

### PART THREE: EXPLANATION OF PROPOSED REWARD AND ITS USE

I. Aggregate amount of reward requested:

\$160,916

II. Explain how the proposed reward funding would be used, whether for non-recurring expenditures or supplemental compensation, or both:

A. Non-recurring expenditures

*Provide a synopsis of how the proposed reward would be used for nonrecurring expenditures.*

The proposed reward will be used to buy a storage area network (SAN) for \$88,896 and a file server for \$60,954. Please see the attached for additional information and justification.

B. Supplemental Compensation

*Provide a synopsis of the supplemental compensation plan for use of this reward, and how it would specifically be distributed among the staff responsible for the achievements evidenced in this proposal as described in Part Two (see R.S. 39:87.5(D)(6)).*

*Note: All proposals for supplemental compensation must be in compliance with rules of the Performance Review Subcommittee and the Department of State Civil Service.*

# Pennington Biomedical Research Center

## Reward Proposal Based on Exceptional Performance

### Equipment Request

In order to remain competitive nationally and internationally and continue to grow in the highly competitive field of biomedical research, the Pennington Center utilizes cutting edge biotechnology. Computing power and high-speed storage fuel these state-of-the-art biotechnologies. Bio-informatics, bio-imaging, proteomics, and gene expression analysis are just a few examples of the technologies used at the Pennington Center which require substantial computer support. The Pennington Center is significantly expanding its clinical research programs, placing further demands on the computing infrastructure. The research performed by Pennington Center scientists now, more than ever before, demands significant computer resources. Additionally, the Center has experienced unabated growth in employment during its 14-year history, and the sheer number of people now working at the Center has placed high demands on computer storage.

The equipment sought under this proposal will provide data storage capacity that is extremely important to the Center's continued success and will allow the Center to continue to attract increasing amounts of research funding from the federal government and private corporations.

### **SAN**

The Pennington Center is in need of a Storage Area Network (SAN); a solution that will provide the Center with increased storage capacity, scalability, availability, and performance. SAN technology provides a variety of business and technical advantages over other technologies, but it requires the initial investment. SAN creation and deployment is an investment in performance and a cost-saving action. The analysis conducted at the Center shows that the creation and deployment of a SAN would bring immediate storage performance and mid-term cost savings to the Center.

Some of the SAN advantages are:

- Elimination/reduction of backup servers and reduction of backup window
- Bulk data movement through increased I/O performance, needed for DNA analysis
- Reduction of CPU load on servers, allowing us to increase our server efficiencies and remain competitive
- Critical data protection improvement, a HIPAA requirement
- Disaster recovery capability improvement
- Disk procurement deference and increased disk utilization since we could share space across servers, this would allow us to explore more complex problems
- Reduction of floor space/data center and reduction in energy consumption
- Reduction of general-purpose UNIX and Windows NT servers

- Improvement of terra byte (TB)-per-administrator
- Reduction in management costs as a percentage of storage costs
- Non-disruptive scalability since new technologies allow for hot-upgrades
- On demand storage due to dynamic allocation capabilities
- Server management staff utilization, our staff can focus on providing value to our operation instead of performing outdated functions
- Reduction of storage maintenance to the point where it is almost eliminated
- Tape library procurement deference due to on-line redundancy options

There are other factors to consider, but these are highest on the list when it comes to discussing the benefits of a SAN.

***The SAN described above will cost the Center \$99,962.***

## **Server**

The Center's corporate server is at capacity and needs to be upgraded. Computing power is needed to run sophisticated biotechnology modeling applications and to support the growth of the research infrastructure.

1. In the short-term (1 year timeframe)

Failure to upgrade the server will continue to slow down our ability to conduct research and will hinder our ability of maintain the level of growth we have maintained in the past. Current server utilization is getting into critical levels and is hindering our participation in research grants that demand computing power.

2. In the mid-term (2-3 year timeframe)

The Center must upgrade to a server that allows us to comply with HIPAA. Under the HIPAA regulations we are required to track invalid logon IDs. This feature is very processor intensive. The Pennington Center will need a new server within 2 years in order to comply with this regulation.

***Such a Server would cost \$85,954 if no SAN were acquired. If a SAN were acquired, the server cost would drop \$25,000, costing \$60,954. The drop in cost of \$25,000 is associated with the cost of the storage space needed.***

***Total cost of both the SAN and Server will be \$160,916.***